

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **March 8, 2005**

AGENDA ITEM NO.: 8

CONSENT:

REGULAR: **X**

CLOSED SESSION:

ACTION: **X**

INFORMATION:

(Confidential)

ITEM TITLE: **FY2006 Water and Sewer Rates**

RECOMMENDATION: Pending comments at the public hearing, approve the adoption of the attached ordinance enacting changes in the City Code effective July 1, 2005.

SUMMARY: At the February 22, 2005 work session, City Council considered proposed revisions to water/sewer rates as recommended by the City's Utility staff. The rate strategy for this year continues with the goals to:

- a. Minimize the impact of rate adjustments on residential and other small customers
- b. Ensure necessary funding is provided for increases in operating and debt service costs
- c. Ensure compliance with the Special Order for Combined Sewer Overflow (CSO)
- d. Ensure compliance with adopted Fund Balance and Debt Management Financial Policies

The proposed increase includes a 4% increase in water volume rate to \$1.82 per h.c.f., a 4% increase in the sewer volume rate to \$4.78 per h.c.f., and a 3.5% increase to sewer only rates to \$37.15 per month.

PRIOR ACTION(S): February 22, 2005: City Council Work Session FY2006 Utility Rate Study presentation by City staff.

FISCAL IMPACT: Total water revenues for FY2006 are projected to increase by approximately 2% as a result of rate increases and minimal increases in water use. FY2006 operating expenses in the Water Fund are projected to increase by 1% over FY2005 levels. Total sewer revenues for FY2006 are projected to remain at the current levels even with the proposed rate increase due to decreased consumption and various sewer adjustments. FY2006 operating expenses in the Sewer Fund are also projected to remain steady. The average monthly increase in sewer and water charges for most residential customers will be approximately 3.6%.

<u>CONTACT(S):</u>	Tim Mitchell, Director of Utilities	455-4252
	Michael Hill, Director of Finance	455-4218
	Leti Vance, Accountant III	455-4253

ATTACHMENT(S): Ordinance enacting the FY2006 Water and Sewer rates
Rate Comparison Summary

REVIEWED BY: lkp

AN ORDINANCE TO AMEND AND REENACT SECTION 34-12.1 AND SECTION 39-54.1 OF THE CODE OF THE CITY OF LYNCHBURG, 1981, AS AMENDED, THE AMENDED SECTIONS RELATING TO WATER AND SEWER RATES

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF LYNCHBURG:

1. That Sections 34-12.1 and 39-54.1 of the Code of the City of Lynchburg, 1981 are hereby amended and reenacted as follows:

Sec. 34-12.1. Schedule of sewer rates.

(a) The monthly sewer rates for all consumers within the city shall be ~~\$4.60~~ 4.78 per h.c.f. of water used provided, however, that the rate of any party discharging industrial waste or processed water into the city system pursuant to an individual contract shall be as provided in such contract.

(b) The monthly sewer rate for customer accounts deemed "sewer only" (customers within the city without a water service connection) shall be ~~\$35.89~~ 37.15. This rate is derived as follows: (monthly volume charge of ~~\$4.60~~ 4.78 per h.c.f. x 7 h.c.f. + account charge of \$3.69).

(c) As provided in Chapter 21.2 of the city code a five dollar (\$5.00) solid waste fee for the collection, management and disposal of solid waste will be charged to all single-family households and to multi-family complexes with up to four (4) units utilizing city solid waste services. This fee shall be added to the city's bill for water and sewer charges and shall be paid on the same schedule as the city's water and sewage charges, due and payable in the billings and collections division in the same manner prescribed for water and sewage charges as established by the city code and if not so paid, shall carry the same penalties and interest as prescribed in the city code. If the monies received in payment of the water and sewage charges and the solid waste collection, management and disposal fee are not sufficient to pay the outstanding balance in full, including any penalties and interest, the solid waste collection, management and disposal fee and any penalties or interest attributed thereto shall be considered to be paid first out of the monies collected. The billings and collections division will send a separate bill to those households and multi-family complexes which do not have water or sewer service.

(d) In addition to the sewer rates provided in this section, a high strength waste surcharge is established for all customers with discharges in excess of twenty-five thousand (25,000) gallons per day and having biological oxygen demand and/or suspended solids concentrations in excess of normal wastewater.

The surcharge shall be as follows:

(1) For BOD concentrations in excess of three hundred (300) milligrams per liter (MG/l), sixteen dollars and seventy eight cents (\$16.78) per one hundred (100) pounds.

(2) For suspended solids concentrations in excess of four hundred (400) milligrams per liter (MG/l), eighteen dollars and ninety-eight cents (\$18.98) per one hundred (100) pounds.

(3) Truck hauled wastes disposal charges for residential and restaurant wastes as defined in Section 34-13 will be assessed at the following rates: one hundred seventy-seven dollars (\$177.00) up to a limit of 2,500 gallons of capacity and thirty dollars (\$30.00) for each 500 gallons of capacity over 2,500 gallons. Truck hauled wastes for special contract holders shall be charged in accordance to the terms of the contracting agreement.

(e) Annually, the director of financial services shall compute the average of each residential customer's level of monthly water consumption in hundred cubic feet (h.c.f.) for the most recent period beginning with the first billing in November and ending with the second billing in April. By multiplying this monthly average by 1.25, a seasonal consumption limit for sewer billing shall be derived for each residential account. This limit will apply during the period for the first billing in May through the second billing in October. This adjustment shall apply

only to residential bills and shall not apply to any customers using water for the purpose of manufacturing or for commercial or multifamily dwellings.

Sec. 39-54.1. Schedule of water rates.

The monthly water rates for all consumers within the city shall be ~~as follows~~ \$1.82 per h.c.f. of water used.

0-30 h.c.f. of water used	\$1.75 per h.c.f.
over 30 h.c.f. of water used	\$1.75 per h.c.f.

There shall be, in addition to any other charge, a monthly account (meter) charge of three dollars and sixty nine cents (\$3.69) per meter.

2. That Sections 34-12.1, and 39-54.1 (water and sewer rates) shall become effective for bills rendered on or after July 1, 2005.

Adopted:

Certified: _____
Clerk of Council

038L

RATE COMPARISON SUMMARY

The following table provides a comparison of the current monthly water and sewer rates and the rates proposed for City Council approval, effective July 1, 2005.

	Current	Proposed	%
	Rate	Rate	Increase
Water			
Volume charge/hcf	\$ 1.75	\$ 1.82	4%
Sewer			
Volume charge / hcf	4.60	4.78	4%
BOD charge / 100 lbs	16.78	16.78	0%
TSS charge / 100 lbs	18.98	18.98	0%
Septic hauler charge	177.00	177.00	0%
Industrial permit fee	200.00	200.00	0%
Sewer only	35.89	37.15	3.5%
Fire Protection			
Hydrants & 8" or smaller fire lines	17.99	17.99	0%
10" fire lines	32.30	32.30	0%
12" fire lines	51.25	51.25	0%
Availability Fees			
Water	1,220.00	1,220.00	0%
Sewer	1,950.00	1,950.00	0%
Water Connection Fees			
3/4" & 5/8" meters	605.00	605.00	0%
1" service - 5/8" meter	617.00	617.00	0%
1" service - 1" meter	750.00	750.00	0%
Greater than 1" - minimum	750.00	750.00	0%
Sewer Connection Fees			
4" sewer line	847.00	847.00	0%
Greater than 4" - minimum	908.00	908.00	0%
Other Charges			
Account charge	3.69	3.69	0%
Cut-on charge	15.00	15.00	0%
Cut-off charge	25.00	25.00	0%
Delinquent account fee	5%	5%	0%